

## **MINUTES**

### **VIRGINIA SMALL BUSINESS FINANCING AUTHORITY BOARD OF DIRECTORS MEETING - LOAN BUSINESS**

**October 19, 2005 - 12:00 P.M.**

**8<sup>th</sup> & Main Building, 3<sup>rd</sup> Floor Conference Room  
Richmond, Virginia**

- I. Voting members present: Leon Moore, Mike Eisenman, Jack Stephens, Michael Joyce, Jim Cheng, and Pallabi Saboo.  
Others present: Scott Parsons, Seth Ginther (Senior Assistant Attorney General), Barbara Carter, Patricia Morris, Mary Jo Sisson-Vaughan, Patty Thorne, and Anna Mackley Cobb.

Leon Moore served as Acting Chairman and called the meeting to order.

- II. Approval of Minutes - On a motion by Mike Eisenman, seconded by Michael Joyce, the minutes of the August 17, 2005 Board of Directors Meeting - Loan Business and the September 21, 2005 Board of Directors Meeting were unanimously approved.
- III. Child Day Care Financing Program Application
- A. Minnieland Private Day School, Inc. - Prince William County - \$331,800. Mary Jo Sisson-Vaughan presented this request to the Board. On a motion by Jim Cheng, seconded by Michael Joyce, the Board of Directors approved a \$331,800 loan through the Child Day Care Financing Program to purchase buses. (Mr. Eisenman abstained.)
- IV. Board Review and Ratification of Loans Approved and Declined by Staff - On a motion by Jack Stephens, seconded by Michael Joyce, the loan decisions of \$500,000 or less approved/declined by staff for September 2005 were unanimously ratified.
- V. Loan Fund Accounting Report and Financial Statements - Scott Parsons reviewed for the Board the loan fund accounting report which shows the activity and current cash position of the Authority's loan programs. Mr. Parsons noted the availability of funds in the Loan Guaranty and Virginia Capital Access Programs. He also pointed out that the State Revolving Loan Fund is leaving the Authority,

with the fund's \$3.2 million transitioning within a week and the loans (commitments) will be moved later as the new Community Development financial institution is still being formed. The Board also received copies of the Authority's financial statements that are required by the Code of Virginia to be submitted annually to the Governor and the chairman of the Senate Finance Committee and the House Appropriations Committee, as well as the Secretary of Commerce and Trade. The statements are a useful tool in showing the financial condition of the Authority.

- VI. Community Reinvestment Fund (CRF) Update - Last year the Board of Directors authorized Authority staff to find an alternative funding source. With the Board's approval, a consultant was solicited and found a private capital entity called Community Reinvestment Fund (CRF). CRF is based in Minneapolis, Minnesota and has access to both new market tax credit monies as well as some other funds that are not as restricted as new market tax credits. Scott Parsons informed the Board that the Attorney General's office has reviewed the documentation/agreement between CRF and the Authority with no material changes and will be finalized by the end of this week. This agreement will allow VSBFA to:

- become a loan originator with the entity and originate loans that qualify for either new market tax credits or fall into a different pool;
- have an additional \$1 million to use for economic development purposes; and
- give the state the ability to use for the first time new market tax credits which has been an initiative of this Administration.

On a motion by Mike Eisenman, seconded by Jack Stephens, the Board unanimously adopted a resolution approving the concept of seeking private capital and approving and authorizing the Executive Director to enter an agreement for loan origination with Community Reinvestment Fund after appropriate review by the Executive Director.

- VII. Budget and Legislative Initiative Discussion - Scott Parsons led the Board's continued discussion on the status of the Authority's budget highlighting the fact that without additional funding the Loan Guaranty Program and the Industrial Development Bond program are the only programs remaining for economic development lending with very limited job creation. Mr. Parsons reminded the Board of the need to get the message and the "leave behind" document to members of the General Assembly and other entities such as the Virginia Economic Developers Association, Virginia Bankers Association, Chamber of Commerce, etc., in order to garner support for additional funding for the

Authority. Board members were asked for commitments to meet with their local legislators prior to the beginning of the session and give feedback on the meetings to Mr. Parsons.

VIII. The meeting was adjourned by the Acting Chairman.